

## PLANNING COMMISSION AGENDA REPORT

**SUBJECT:** REVIEW OF A CONDITIONAL USE PERMIT FOR A NEW CANNABIS RETAIL STOREFRONT IN THE SERVICE COMMERCIAL (C-S) ZONE. THE USE IS PROPOSED TO BE ESTABLISHED IN TWO PHASES, BASED ON PHASED IMPROVEMENTS TO TWO BUILDINGS ONSITE. THE 612-SQUARE FOOT FRONT BUILDING WIL

**PROJECT ADDRESS:**  
 3535 South Higuera Street

**BY:** Kyle Van Leeuwen, Associate Planner  
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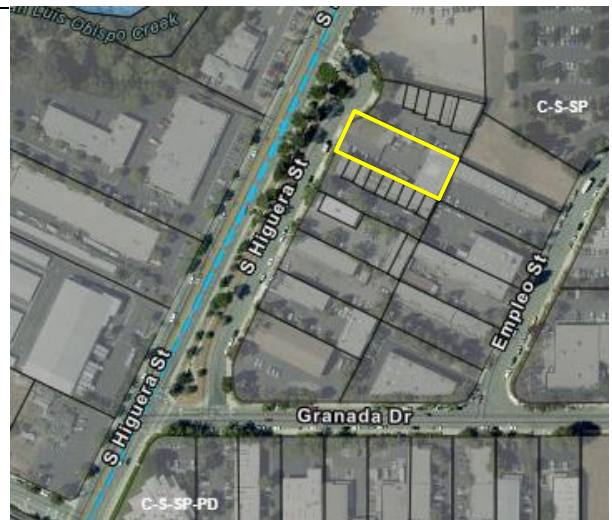
**FILE NUMBER:** USE-0142-2021

**FROM:** Shawna Scott, Senior Planner

**RECOMMENDATION:** Adopt the Draft Resolution (Attachment A) granting a Conditional Use Permit allowing the establishment and operation of a Cannabis Retail Storefront project at 3535 South Higuera, based on findings and subject to conditions.

### SITE DATA

<b>Applicant</b>	SLO CAL ROOTS LLC.
<b>Representative</b>	Joel Snyder, Ten Over Studio
<b>Zoning</b>	Service Commercial, Specific Plan Overlay, Cannabis Business Zone Overlay, (C-S-SP -CBZ)
<b>General Plan</b>	Service and Manufacturing
<b>Site Area</b>	0.42 acre (18,431 s.f.)
<b>Environmental Status</b>	Categorically Exempt, CEQA Guidelines §15301 (Existing Facilities)



### SUMMARY

The applicant, SLO CAL ROOTS LLC, has submitted an application for a Conditional Use Permit to allow the establishment and operation of a Cannabis Retail Storefront business, as provided by Zoning Regulations §§ 17.10.020 (A) and 17.86.080 (E) (1) (a), at 3535 South Higuera Street (formerly auto repair).

The project proposes two phases based on phased improvements to two existing commercial buildings onsite, which are being reviewed and will be considered by the Director as part of a Minor Development Review (ARCH 0472-2020). Initially, minor physical improvements to the smaller (612-sf) of two onsite buildings for retail sales are proposed in phase one of improvements. Phase two would include the remodel of the larger (2,695-sf) rear building and additional site improvements to facilitate retail sales. Following completion of phase two, the smaller front building would be used as office space and the larger rear building would be used for retail sales and additional office and storage space.



*Figure 1: SLOCAL Roots; Front Elevation (South Higuera St.)*

## **1.0 COMMISSION PURVIEW**

The Planning Commission's role is to review the project in terms of its consistency with the policies and standards set forth in the City's General Plan and Zoning Regulations, including specific standards for Cannabis Activities described in Zoning §17.86.080 (Cannabis).

## 2.0 PROJECT INFORMATION

### 2.1 Site Information/Setting

**Table 1: Site Information**

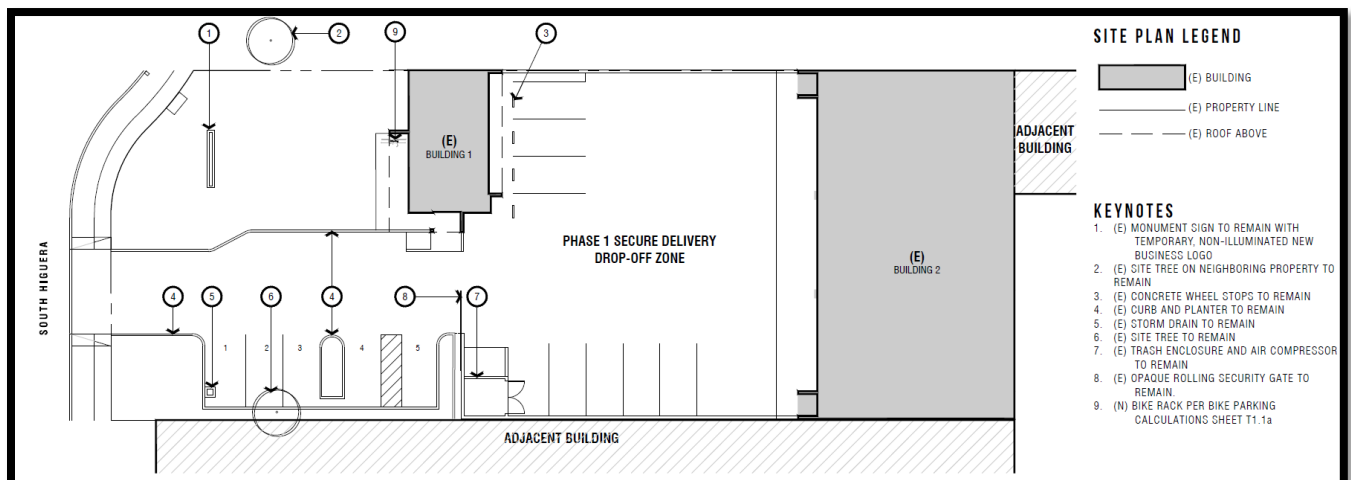
<b>Zoning</b>	C-S-SP-CBZ (Service Commercial within the Higuera Commerce Park Specific Plan Overlay, and Cannabis Business Zone Overlay)
<b>Site Size</b>	0.42 acre (18,431 s.f.)
<b>Present Use &amp; Development</b>	Vacant (formerly Auto Repair)
<b>Access</b>	South Higuera Street (Frontage Road Section)
<b>Surrounding Use/Zoning</b>	<b>East:</b> C-S-SP -CBZ (Service Commercial – Vacant & Office use) <b>South:</b> C-S-SP -CBZ (Service Commercial – Vehicle Services) <b>North:</b> C-S-SP -CBZ (Retail Commercial Businesses – Solar Supplier, Construction Services, Commercial Recreation) <b>West:</b> C-S-S (Service Commercial – Construction Service, Retail Sales)

### 2.2 Project Description

As shown in the project plans (Attachment B), the applicant proposes to convert two existing commercial buildings into a Cannabis Retail Storefront business in two phases:

#### PHASE ONE (Building 1, Front)

- 386 square feet of retail space.
- 215 square feet employee lounge, kitchen, and restroom.
- A secured rear parking area, with a six-foot tall opaque rolling security gate for deliveries (for receipt of incoming product).
- Customer parking area with five vehicle parking spaces (including ADA spaces) and bicycle parking spaces.



*Figure 2: Phase One Site Plan (Ten Over Studio 2021)*

**PHASE TWO (Building 2, Rear).**

- 1,997 square feet of retail space.
- New 1,148 square foot mezzanine providing additional office space.
- Delivery bay for deliveries and secure storage vault.
- Customer parking area with 18 vehicle parking spaces (including ADA and electric vehicle spaces) and bicycle parking spaces.
- Front building converted to office and breakroom.
- New rolling gate for additional security.
- Landscaping improvements and signage.

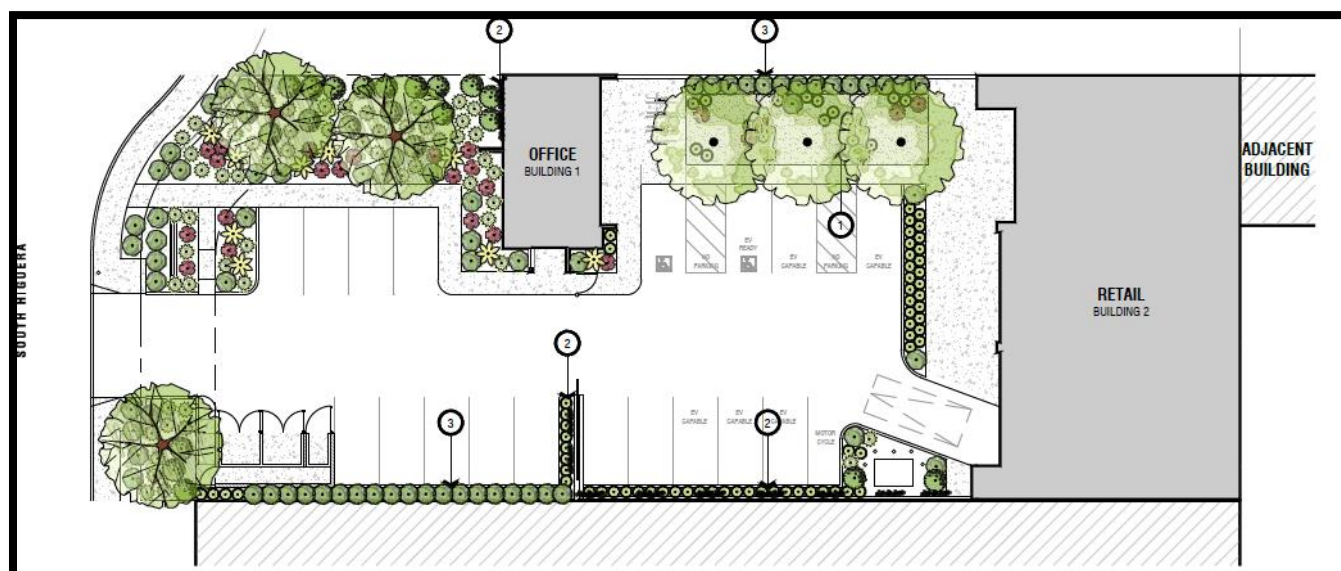


Figure 3: Phase Two Site Plan (Ten Over Studio 2021)

## 2.3 Project Statistics

**Table 2: Project Statistics**

Item	Phase One		Phase Two	
	Proposed <sup>1</sup>	Standard <sup>2</sup>	Proposed <sup>1</sup>	Standard <sup>2</sup>
<b>Parking Spaces</b>				
<b>Total Vehicle</b>	5	3	18	17
General Retail/Office Storage Indoor	5	3	18	16 (1 per 300 sf) 1 (1 per 1,500 sf)
Electric Vehicle (EV) Parking	NA	NA	4 EV ready space 9 EV capable	3 EV ready space plus 50% capable
<b>Total Bicycle</b>	1 rack	1 space	7	7
Bicycle	1 rack	1 short term	5 short term 2 long term	5 short term 2 long term

Notes: 1. Applicant's project plans

2. Zoning Regulations Chapter 17.72

### **3.0 PROJECT ANALYSIS**

Staff has evaluated the proposed project for consistency with applicable General Plan goals and policies, and for consistency with the regulations for Cannabis Activities set out in the San Luis Obispo Municipal Code (SLOMC, Chapter 9.10) and Zoning Regulations (§17.86.080).

#### **3.1 Cannabis Regulations (SLOMC Ch. 9.10)**

On May 22, 2018, the City Council adopted Ordinance No. 1647 amending the SLOMC to add Chapter 9.10, establishing regulations for cannabis businesses for the protection of the health, safety, and welfare of the residents of the City from the negative impacts of illegal cannabis activity. The City requires that each commercial cannabis operator obtain a Commercial Cannabis Operator Permit, and a Use Permit from the City, along with all state permits and licenses (SLOMC §9.10.040). This Chapter sets the basic regulatory framework for conduct of Cannabis Activities, including certain standards and limitations, and provisions for Records and Reporting (§ 9.10.130), Inspection and Enforcement (§9.10.140), Security Measures (§9.10.250), and Violation and Penalties (§9.10.280).

The applicant was qualified and received a Commercial Cannabis Operator Permit from the City on March 23, 2020. After receiving approval of this Conditional Use Permit, the applicant will be eligible to receive a Type 10 storefront retailer license from the California Bureau of Cannabis Control.

The applicant will be required to display a copy of the commercial cannabis operator permit and state license in a location visible to the public and will be required to apply for yearly renewal of the commercial cannabis operator permit prior to expiration. The applicant will be required to maintain records in compliance with Municipal Code §9.10.130 for review by the City and allow the City to perform unscheduled inspections during business hours. Alcohol and tobacco sales and service are not proposed, and no cannabis events are requested. No cannabis vending machines would be installed.

#### **3.2 Zoning Regulations for Cannabis Activities (§17.86.080)**

Ordinance No. 1647 also amended Zoning Regulations by adding §17.86.080 establishing land use requirements and development standards for cannabis activities, limiting such activities to particular zones (see Figure 4) and imposing certain limitations and restrictions on their operation, as discussed in further detail below.



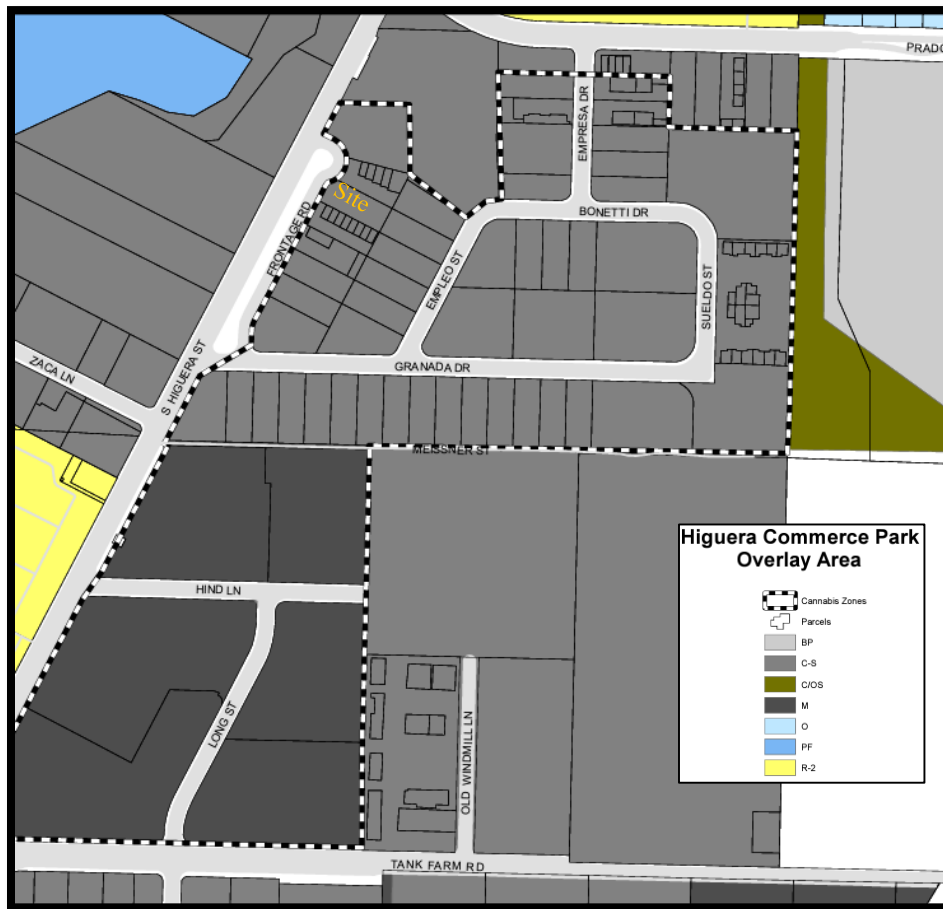


Figure 4: Cannabis Business Zone and Surrounding Uses

**3.2.1 Operations Plan.** The applicant submitted an Operations Plan that complies with §17.86.080 (E) (4) (b) and includes an employee training plan, noise and light management plan, waste management plan, and educational materials dissemination plan. The project will be subject to California Green Energy Standards (Title 24) and is not expected to result in excessive water, energy, or waste demand. Analysis of the security plan, odor plan, and plan for restriction of access by minors are addressed in more detail below. Excerpts of the Operations Plan are included as Attachment C.

**3.2.2 Security.** The applicant prepared a Security Plan that addresses both state-wide regulations of the Bureau of Cannabis Control and concerns of the City Police Department (§17.86.080 (E) (4) (b) (i)). The Security Plan prepared by the applicant for this application was reviewed and approved by the City's Police Department. It includes on-site security guards, controlled access to the retail area, a secured delivery bay, and video cameras that are accessible in real time by the City Police Department. The City Police Department has approved security plans for both phases of operation.

**3.2.3 Enforcement Priorities.** The project includes measures that address enforcement priorities for commercial cannabis activities, including restricting access to the public and to minors and ensuring that cannabis and cannabis products are only obtained from and supplied to other permitted licensed sources within the state and not distributed out of state (§17.86.080 (E) (5) (e)).

The applicant will prevent anyone from under the age of 21 from entering the retail facility by reviewing valid government IDs at the entrance. The applicant will post signs that purchasing cannabis for minors is against the law and will not carry any products that are packaged in a way that would be appealing to minors. In accordance with state law, the applicant will be using an inventory management system that is compliant with the state's track-and-trace program, which is meant to ensure all products are derived from licensed vendors and that all damaged or returned products are disposed of per state requirements.

3.2.4 Cannabis Odors. Commercial cannabis activities are to be conducted in a manner that prevents cannabis odors from being detected offsite (§17.86.080 (E) (5) (c)). The applicant prepared an Odor Control Plan as part of their application packet, which describes how product packaging reduces odor and air filtration using an activated charcoal removes odor.

3.2.5 Hours of Operation. Hours of operation proposed by the applicant are between 10:00 a.m. and 8:00 p.m., consistent with Zoning Regulations §17.86.080 (E) (10) (v).

3.2.6 Location and Number of Facilities. Zoning Regulations require that Cannabis Retail Storefront businesses be located at least 1,000 feet from schools (any level), public parks, and playgrounds, at least 600 feet from any licensed daycare centers, and at least 300 feet from any residentially zoned area within the Cannabis Business Zone (§17.86.080 (E) (10) (iii)). The project is in compliance with all distance standards to these uses, as shown in the Figure 4 below.



Figure 5: Adjacency Map (Ten Over Studio 2021)

Storefront retail sales are limited to three facilities within the City (§17.86.080 (E) (10) (b) (ii)). The regulations also require that Cannabis Retail Storefront businesses be separated at least 1,000 feet from other Cannabis Retail Storefront businesses (§17.86.080 (E) (10) (b) (iv)).

Two other Cannabis Retail Storefront were approved by the Planning Commission on November 13, 2019. Both locations, 280 Higuera Street and 2640 Broad Street, are more than 1,000 feet from the subject site.

### **3.3 Parking**

The project requires three parking spaces at completion of phase one and 17 spaces with completion of phase two. The project includes two extra parking space with phase one and one extra space in phase two, for a total of 18 off-street parking spaces. The parking calculation is based on §17.72.030, which requires one parking space for every 300 square feet of general retail and office area, and one space for every 1,500 square feet of indoor storage.

The project is required to provide 3 electric vehicle (EV) ready charging space and additional EV capable spaces equal to 50% of the required vehicle parking spaces for the site. The project is proposing to provide 4 EV ready charging space and 9 EV capable spaces as part of the 18 total spaces being provided. These spaces will be installed with phase two improvements.

### **3.4 Phasing**

The use of the property for cannabis retail operations is proposed to be established in two phases. The applicant has requested this phased approach in order to open for business in a shorter time frame than what would be needed to execute all site improvements needed. The cannabis operator permit awarded to SLO CAL Roots includes a stipulation that business operations commence by a certain date. At the time of this report, the date which SLO CAL Roots is required to start operations is December 23, 2021. Due to the extent of improvements need for the site to be fully converted from an auto repair shop to retail operations, the December 23, 2021, date is not realistically feasible. This is due in part to delays caused by the Covid-19 emergency and the reduced availability of materials and construction services currently being experienced across all types of property development projects. Development review staff is in support of this phased approach, with the understanding that phase one operations will be temporary. Staff has included condition #8 in the draft resolution requiring the operator to be utilizing the main structure for sales activities no later than one year after initial sales operations have commenced and requiring sales in the front building to cease at that time, consistent with the applicants stated timeline.

## **4.0 ENVIRONMENTAL REVIEW**

The project is categorically exempt from the preparation of environmental documentation under the California Environmental Quality Act (CEQA). The project is consistent with General Plan policies for the land use designation and is consistent with the applicable zoning designation and regulations.



The project consists of the operation of existing, private structures that involves negligible expansion of use beyond existing and historical vehicle services uses, as described in CEQA Guidelines § 15301 (Existing Facilities). Additionally, the project site is not on a list of hazardous waste sites and does not contain a significant historical resource. The property is less than one acre in size and is entirely surrounded by urban uses that have no value as habitat for endangered, rare or threatened species as the site is located on an existing developed property and is almost entirely paved. The site is served by required utilities and public services.

## **5.0 CONCURRENCE**

Staff comments provided during review of the proposed project are incorporated into the presented evaluation and conditions of approval. As noted above, the Security Plan was reviewed and approved by the City Police Department for both phases.

## **6.0 ALTERNATIVES**

- 6.1** Continue the item. An action to continue the item should include a detailed list of additional information or analysis required.
- 6.2** Deny the item. Deny the project based on findings of inconsistency with State law, the General Plan, Zoning Regulations, and/or other pertinent City standards.

## **7.0 ATTACHMENTS**

- A. Draft Resolution
- B. Project Plans
- C. Operations Plan (Excerpts)